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C O N F I D E N T I A L SECTION 01 OF 02 MINSK 000652

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SUBJECT: LESSON FROM MOLODECHNO: DO NOT BUY BRICKS

Classified By: Ambassador Karen Stewart for reason 1.4 (d).

Summary

1. (SBU) During a July 19 visit to Molodechno, city officials informed Acting Pol/Econ Chief and Poloff about their city's booming economy, cultural richness, and attractiveness to foreigners. Local political party representatives painted a different picture and lambasted the same city officials for harassing opposition activists. Poloffs also spoke to 40 city and regional librarians at the city's library about literature interests and the American way of life. A meeting with the administration of a construction material factory near Molodechno made clear that to see quality brickwork Emboffs will have to travel elsewhere. End summary.

All Is Well In Molodechno

2. (C) Deputy Chair of the Molodechno Regional Executive Community Yefim Idyelchik and accompanying ideology officer praised the U.S. Embassy's close ties with the regional library and the establishment of an American Corner in the city, located 70 miles west of Minsk. Idyelchik claimed that they often received EU diplomats who visit Molodechno to learn more about the area's culture, especially its annual folk music festival.

3. (C) According to Idyelchik, Molodechno (population 142,000) provided a wonderful economic climate that supported 5,500 private entrepreneurs. Only 800 people in the region were unemployed and the average salary exceeded USD 320 per month. Bankrupt companies existed, but were quickly closed or "confiscated."

4. (C) Weather conditions provided problems for the agriculture sector, but thanks to the USD 25 million directed to the industry in January-June from the state budget, Idyelchik did not doubt that Molodechno would meet President Lukashenko's harvest quota. Idyelchik praised Lukashenko's government programs to revive rural areas, noting that the role of his ideology officer was to make sure everyone was "on the same track."

5. (C) Idyelchik could not understand the EU's grounds for suspending the General System of Preferences (GSP). According to the deputy chairman, he and his ideology officer belonged to a union and felt that their rights were well protected. Idyelchik claimed that if one were to ask any bystander in Molodechno, not one citizen would complain about mistreatment from employers.

Publicizing the U.S. at the Library

¶16. (C) Ideology officer and local state media in tow, Acting Pol/Econ Chief and Poloff at the Bogdanevich library fielded questions from 40 local and regional librarians about education in the U.S., its direct correlation to income levels, librarian training at U.S. universities, and their personal choices in literature. After a brief tour of the USG-financed internet center at the library, representatives from the U.S. Embassy's Public Affairs Section presented the library staff with English language materials for its American Corner.

#### Job Loss, Economic Stagnation, and GOB Harassment

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¶17. (C) Local opposition activists at a private lunch refuted most of what Molodechno officials had told poloffs. All were unemployed due to the contract system and their participation in opposition politics and had at one time or another been detained, fined, and/or arrested. The activists claimed that citizens in the region "had nothing" and were fed up with the GOB, but fear of unemployment and losing what little they had kept their complaints "confined to the kitchen." Therefore, it was hard for opposition forces in Molodechno to recruit new members or mobilize citizens.

¶18. (C) However, Belarusian National Front (BNF) activist Ales Kaputsky and United Civic Party (UCP) regional leader Oleg Mikheyenko maintained that Molodechno citizens wanted independent information. According to the activists, most people do not watch state media nor believe what the state news broadcasts. The day after jailed presidential candidate Aleksandr Kozulin's campaign speech in February 2006, Molodechno citizens actively discussed politics with

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neighbors and friends and openly shared Kozulin's complaints about the GOB. An ever-increasing trend now in Molodechno is satellite dishes and long-distance antennas, allowing even the lowest income families access to non-state information.

¶19. (C) Despite what city officials may say, the activists maintained that Molodechno's economy took a serious blow with the GSP suspension. Although the region had not seen financial losses yet, potential foreign investors in the city were literally gone the next day following the suspension, hurting Molodechno and Belarus in the long run.

¶110. (C) Note: The local state media attempted to "discreetly" tape our conversation with the opposition activists, but the restaurant's dim lighting, background music, and distance between tables foiled their plans. They left after five minutes and waited for us outside. End note.

#### Zabudova - Low Quality Materials At a High Cost

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¶111. (C) Accompanied by the Molodechno ideology officer (who offered a cultural tour that would have ruled out meetings with activists, but otherwise did not attempt to hijack poloffs' schedule or sit in on the meeting with local opposition activists), poloffs visited the construction material company Zabudova situated 10 miles outside of Molodechno. The factory, the sole employment source in the small community, produces concrete blocks and roofing materials, ceramic bricks, and wooden-frame doors and windows. Most products were for domestic construction needs, but Zabudova did export considerably to Russia.

¶112. (C) Although a public company with workers owning some shares, the Zabudova administration admitted that the state owned a majority stake. Workers' wages were allegedly the highest in the region (although an exact figure was not given), making factory vacancies much sought after. The average age of the workforce is in the mid-30s to mid-40s and job applicants had to be highly qualified and good workers.

The factory built most of the surrounding community and sold living space to its workers at USD 500-700 per square meter, i.e. USD 40,000 for a small apartment. Employees were eligible for subsidized loans to make the purchases.

¶13. (C) The Zabudova administration invited poloffs to visit a church the factory built in the mid-1990s on the grounds of an old cemetery. Although its site provided a gorgeous view of the valley below, the church's shoddy construction and crumbling brickwork did not lend credence to the quality of Zabudova's construction materials. The Zabudova official and ideology officer took pride in the church's beauty, and as poloffs nodded in unison, they made an unconscious effort not to stand too close lest a Zabudova brick fall on them.

Comment

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¶14. (C) Although the stories from both the city authorities and opposition are run of the mill for poloffs, we noted that the harassment from the ideology officer, security forces, and state media was minor. Not an attractive community, Molodechno is a large urban area no more than an hour's drive from Minsk that lacks the exuberant costs of living found in the capital. Nonetheless, looking at the community's economic and social perspectives and relative isolation from the outside world, it might as well be an oblast city on the corners of Belarus.

Stewart